



Affordable Housing

Mortgage Program

August 23, 2004

THDA web site: www.tennessee.gov/thda

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Tennessee Housing Development Agency. Authorization No. 316704, 5,000 copies. This public document was promulgated at a cost of \$.06 per copy. No tax dollars are used for its printing.

Revised 08/23/2004

THDA Mortgage Program

THDA's **Great Rate** Mortgage program is designed for Tennessee's low- and moderate-income borrowers. **Great Rate** offers a lower mortgage interest rate. **Great Start** offers downpayment and closing cost assistance on FHA and VA loans at a slightly higher interest rate. Not every borrower is eligible for a THDA mortgage. Borrowers must have satisfactory credit and the home must meet certain conditions.

Common Eligibility Requirements:

- **THDA mortgages are intended for low- and moderate-income homebuyers.** A borrower's household income cannot exceed certain limits. The limits are based on the size of the household and county in which the property is located. (See page 3 for specific county income limits.)
- **THDA mortgages are intended for modest homes.** The acquisition cost of a new or existing property cannot exceed certain limits that vary by county. (See page 3 for specific county acquisition cost limits.)
- **All mortgages must be insured or guaranteed** by VA, FHA, RD, or Private Mortgage Insurance.
- **Generally, THDA mortgages are made to first-time homebuyers.** A first-time homebuyer is anyone who has not occupied a home they owned, or currently own as their principal residence during the past three years. All borrowers obligated on the loan must be first-time homebuyers. The first-time homebuyer requirement is waived when the property being purchased is located in a county, or in a census tract within a county, designated as a "Targeted" area. (See page 3 for Targeted areas.)
- **THDA mortgages are made only to persons who will use the home as their principal residence.** In order to be eligible for a THDA-funded mortgage, a property can be up to four units, providing the borrower occupies one of the units as his or her principal residence. Rental income from the additional units will count as income towards the borrower's household income limit. A THDA mortgage can not be used for purchasing investment property, or for a second home, or for property to be used in the operation of a business.

Common Mortgage Conditions:

- **All mortgages are for 30-year terms at fixed rates.** The borrower may not "buy down" the mortgage rate by paying discount points.
- **All mortgages are assumable**, subject to the new buyer meeting THDA qualifying terms, and a borrower may pre-pay mortgage principal without penalty.
- **All mortgages require some minimum investment by the borrower and require that the borrower have some minimum reserves**, based on the kind of mortgage insurance or guarantee.
- **Homebuyer education/counseling is encouraged, but not required on Great Rate loans. Homebuyer education is required on Great Start loans.**
- **All mortgages are subject to federal recapture provisions**, if the home is sold within the first nine years.
- **A down payment may be required for some loan types and there will be costs associated with closing a loan.** The costs required to be paid by the borrower at closing may come from the borrower, the seller, as a gift, or as required or permitted by loan type.
- **Originating Agents may charge a one-percent (1%) origination fee.**

Documentation Required for a THDA Loan

THDA borrowers should expect to provide detailed information about their financial status, their employment history, and their recent residency. For example, borrowers will need to provide:

- Verification of all incomes in the borrower's household;
- The most recent pay stub for each obligated borrower;
- The most recent three years of federal income tax returns, or other acceptable documentation, from the IRS. (Only one year's return is required in Targeted areas); and

THDA Acquisition Cost and Income Limits

			Household Income Limits					Household Income Limits	
			1-2	3 +				1-2	3 +
Counties		Acquisition Cost Limits	Persons	Persons	Counties		Acquisition Cost Limits	Persons	Persons
Anderson	*	\$160,176	\$52,000	\$59,800	Lewis		\$160,176	\$49,500	\$57,000
Bedford		\$160,176	\$49,500	\$57,000	Lincoln	T	\$160,176	\$49,500	\$57,000
Benton		\$160,176	\$49,500	\$57,000	Loudon	T	\$160,176	\$52,000	\$59,800
Bledsoe	T	\$160,176	\$49,500	\$57,000	Macon	T	\$175,000	\$49,500	\$57,000
Blount		\$160,176	\$52,000	\$59,800	Madison	T	\$160,176	\$49,500	\$57,000
Bradley	*	\$160,176	\$52,500	\$60,500	Marion	T	\$160,176	\$50,000	\$57,500
Campbell	T	\$160,176	\$49,500	\$57,000	Marshall		\$160,176	\$52,000	\$59,500
Cannon	T	\$175,000	\$49,500	\$57,000	Maury	T	\$160,176	\$61,500	\$70,800
Carroll	T	\$160,176	\$49,500	\$57,000	McMinn		\$160,176	\$49,500	\$57,000
Carter		\$160,176	\$49,500	\$57,000	McNairy	T	\$160,176	\$49,500	\$57,000
Cheatham		\$175,000	\$61,500	\$70,800	Meigs	T	\$160,176	\$49,500	\$57,000
Chester	T	\$160,176	\$49,500	\$57,000	Monroe	T	\$160,176	\$49,500	\$57,000
Claiborne	T	\$160,176	\$49,500	\$57,000	Montgomery	*	\$160,176	\$49,500	\$57,000
Clay	T	\$160,176	\$49,500	\$57,000	Moore		\$160,176	\$49,500	\$57,000
Cocke	T	\$160,176	\$49,500	\$57,000	Morgan	T	\$160,176	\$49,500	\$57,000
Coffee	*	\$160,176	\$49,500	\$57,000	Obion	T	\$160,176	\$49,500	\$57,000
Crockett	T	\$160,176	\$49,500	\$57,000	Overton	T	\$160,176	\$49,500	\$57,000
Cumberland		\$160,176	\$49,500	\$57,000	Perry		\$160,176	\$49,500	\$57,000
Davidson	*	\$175,000	\$61,500	\$70,800	Pickett	T	\$160,176	\$49,500	\$57,000
Decatur		\$160,176	\$49,500	\$57,000	Polk	T	\$160,176	\$49,500	\$57,000
DeKalb	T	\$160,176	\$49,500	\$57,000	Putnam		\$160,176	\$49,500	\$57,000
Dickson		\$175,000	\$61,500	\$70,800	Rhea	T	\$160,176	\$49,500	\$57,000
Dyer	T	\$160,176	\$49,500	\$57,000	Roane		\$160,176	\$49,500	\$57,000
Fayette	T	\$160,176	\$57,300	\$65,895	Robertson		\$175,000	\$61,500	\$70,800
Fentress	T	\$160,176	\$49,500	\$57,000	Rutherford		\$175,000	\$61,500	\$70,800
Franklin	T	\$160,176	\$49,500	\$57,000	Scott	T	\$160,176	\$49,500	\$57,000
Gibson	T	\$160,176	\$49,500	\$57,000	Sequatchie	T	\$160,176	\$49,500	\$57,000
Giles	T	\$160,176	\$49,500	\$57,000	Sevier		\$160,176	\$52,000	\$59,800
Grainger	T	\$160,176	\$49,500	\$57,000	Shelby	*	\$160,176	\$57,300	\$65,895
Greene	T	\$160,176	\$49,500	\$57,000	Smith		\$175,000	\$49,500	\$57,000
Grundy	T	\$160,176	\$49,500	\$57,000	Stewart	T	\$160,176	\$49,500	\$57,000
Hamblen	*	\$160,176	\$49,500	\$57,000	Sullivan		\$160,176	\$49,500	\$57,000
Hamilton	*	\$160,176	\$50,000	\$57,500	Sumner		\$175,000	\$61,500	\$70,800
Hancock	T	\$160,176	\$49,500	\$57,000	Tipton	T	\$160,176	\$57,300	\$65,895
Hardeman	T	\$160,176	\$49,500	\$57,000	Trousdale	T	\$175,000	\$49,500	\$57,000
Hardin	T	\$160,176	\$49,500	\$57,000	Unicoi	T	\$160,176	\$49,500	\$57,000
Hawkins	T	\$160,176	\$49,500	\$57,000	Union	T	\$160,176	\$52,000	\$59,800
Haywood	T	\$160,176	\$49,500	\$57,000	Van Buren	T	\$160,176	\$49,500	\$57,000
Henderson	T	\$160,176	\$49,500	\$57,000	Warren		\$160,176	\$49,500	\$57,000
Henry		\$160,176	\$49,500	\$57,000	Washington	*	\$160,176	\$49,500	\$57,000
Hickman	T	\$175,000	\$49,500	\$57,000	Wayne	T	\$160,176	\$49,500	\$57,000
Houston	T	\$160,176	\$49,500	\$57,000	Weakley		\$160,176	\$49,500	\$57,000
Humphreys		\$160,176	\$49,500	\$57,000	White	T	\$160,176	\$49,500	\$57,000
Jackson	T	\$160,176	\$49,500	\$57,000	Williamson		\$175,000	\$61,500	\$70,800
Jefferson	T	\$160,176	\$49,500	\$57,000	Wilson		\$175,000	\$61,500	\$70,800
Johnson	T	\$160,176	\$49,500	\$57,000	T Denotes a targeted county. The first-time homebuyer requirement is waived.				
Knox	*	\$160,176	\$52,000	\$59,800	* Denotes that some census tracts in the county are targeted, and in these census tracts, the first-time homebuyer requirement is waived.				
Lake	T	\$160,176	\$49,500	\$57,000					
Lauderdale	T	\$160,176	\$49,500	\$57,000					
Lawrence	T	\$160,176	\$49,500	\$57,000					

HOMEOWNERSHIP CHOICES

	Great Rate	Great Start
Maximum Household Income	Varies by county	Varies by county
Maximum Acquisition Cost (Including all incidentals)	Varies by county	Varies by county
Interest Rate	5.10% fixed rate, subject to change	6.10% fixed rate, subject to change
Loan Term	30 years (1 st mortgage)	30 years (1 st mortgage)
Loan Types	FHA, VA, USDA/RD, Conventional	FHA/VA Only (Not Available on HUD/VA Properties)
Mortgage Insurance or Guarantee	As required by loan type	As required by loan type
Buydowns	Not allowed	Not allowed
Assumable	Subject to qualifying	Subject to qualifying
Pre-Payment Penalty	No penalty	No penalty
Subject to Recapture	Yes	Yes
Required Reserve	As required by loan type	As required by loan type
Minimum Investment	As required by loan type	As required by loan type
Closing Costs	May come from Borrower, Seller, a gift, or as required by loan type	4% of loan amount available to borrower(s) as assistance with down payment and closing costs. Borrower POC's plus settlement charges due from Borrower at closing must be at least 4% of loan amount.
Down Payment	As required by loan type	
Homebuyer Education	Not required	Certificate of completion of an acceptable Homebuyer Education program is required. Trainer's name and ID # must be listed on Buyer Profile form. List of approved trainers at THDA's website.
Loan Pre-registration	Not required	Not required
Origination Fee	Maximum 1% on 1 st mortgage	Maximum 1% on 1 st mortgage
Discount Point	Maximum ¼% on 1 st mortgage	Maximum ¼% on 1 st mortgage

Revised on 12/20/04